

ANGUS COUNCIL

NEIGHBOURHOOD SERVICES COMMITTEE – 28 MAY 2009
CORPORATE SERVICES COMMITTEE – 11 JUNE 2009

HOUSING CAPITAL AND PLANNED MAINTENANCE PROGRAMME - HRA BLOCK – 2008/2009

JOINT REPORT BY THE DIRECTOR OF NEIGHBOURHOOD SERVICES AND THE DIRECTOR OF
CORPORATE SERVICES

ABSTRACT

This report relates to the Housing Revenue Account (HRA) Capital and Planned Maintenance Programmes for 2008/09. It sets out the near final actual capital and planned maintenance spends to 31 March 2009 together with updated funding proposals.

1 RECOMMENDATION

1.1 It is recommended that the respective Committees note:

- i. the near final actual expenditure figures presented for the Housing Capital and Planned Maintenance programmes for the period to 31 March 2009;
- ii. the near final capital receipts position for the period to 31 March 2009;
- iii. the proposed funding approach.

2 INTRODUCTION

- 2.1 The responsibilities of Chief Officers with regard to capital monitoring are set out in Section 7 of the Council's Financial Regulations. To ensure that budgetary control is exercised in line with those Regulations, regular monitoring reports covering the Housing Capital and Planned Maintenance Programmes are presented to the Neighbourhood Services and Corporate Services Committees throughout the year to keep members advised of any critical issues.
- 2.2 Notwithstanding the 6 weekly cycle of committee meetings however, detailed monitoring is carried out on a monthly basis by Housing, Property and Finance officers.

3 2008/2009 CAPITAL BUDGET

- 3.1 Monitoring of performance is against the agreed capital programme. The net budget agreed at the Neighbourhood Services Committee (Special Meeting) on 12 February 2008 (report 169/08 refers) was £9,850,000 taking account of the estimated resources available.
- 3.2 Members will note that at the time of setting the budget, estimated resources assumed to be available to finance the above programme were as detailed in table 1 below. It should be further noted that prudential borrowing is not actually undertaken at the time of setting the budget or throughout the course of the year, but is only undertaken if required once the year end expenditure position is finalised.

Table 1

Capital Budget	2008/09
Approved Funding Sources	£,000
Prudential Borrowing	1,300
Capital Receipts	3,500
CFCR (Inc. £200k HRA Balances)	5,050
Total Funding Sources	9,850

4 2008/2009 CAPITAL MONITORING UPDATE

4.1 Table 2 below sets out the near final position of the overall Housing Capital Programme for 2008/09 as at 31 March 2009. Appendix 1 gives further detail in respect of the 2008/09 position of capital projects where considered appropriate.

4.2 It can be seen from table 2 below and [Appendix 1, 1A](#) that the actual spend, achieved to 31 March 2009 on the Housing Capital Programme is currently £9,947,000 which represents an overspend of £97,000 against the original budget of £9,850,000. The main reasons for the net projected overspend are highlighted in Section 5 of this report. It is currently projected that this will be the final capital position for 2008/09, however, it should be noted that at the time of finalising this report, some adjustments and accruals have still to be processed as part of the ongoing final accounts process. This therefore means that the actual expenditure and outturn estimate figures contained within this report may change, albeit no significant changes are currently expected.

Table 2

Programme	Original Estimate	Actual Expenditure 31 Mar 2009	Outturn Estimate	Projected over/ (under) spend
	£,000	£,000	£,000	£,000
New Build	110	105	105	(5)
Regeneration	626	235	235	(391)
Conversion	17	26	26	9
Heating	970	918	918	(52)
Window Replacement	33	4	4	(29)
Energy Saving	115	11	11	(104)
Sheltered Housing	894	765	765	(129)
Kitchen Replacement	5,162	6352	6352	1190
Bathroom Replacement	13	0	0	(13)
Aids and Adaptations	500	530	530	30
Improvements	969	711	711	(258)
Miscellaneous	441	290	290	(151)
Total Programme	9,850	9,947	9,947	97

5 COMMENTARY ON SIGNIFICANT CAPITAL BUDGET MONITORING ISSUES

5.1 New Build

There are no significant issues on the New Build Programme at this time.

5.2 Regeneration

Mayfield / Clifftown, Arbroath

Delays with the contractual arrangements, as documented below, have resulted in significant slippage in the current year and it is currently projected that expenditure in 2008/09 will amount to £96,000 which represents an underspend of £286,000 against the original 2008/09 budget of £382,000.

As a result of the delays however, this project was re-profiled as part of the 2008/12 Housing capital budget process. The £96,000 projected expenditure represents an underspend of £10,000 against the updated 2008/09 estimate contained in the 2009/10 HRA Financial Plan considered and approved at the Special Neighbourhood Services meeting on 17 February 2009 (report 133/09 refers). This £10,000 underspend requires to be slipped into 2009/10 and will be added to the £530,000 budget approved for 2009/10 within the same report. Expenditure of a further £17,000 is anticipated in 2010/11.

Members will be aware of the ongoing delays in getting proprietors to sign the agreement. The latest position is that only one agreement remains outstanding. As reported to Strategic Policy on 5 May 2009 (report 394 refers), the owner of the shop has agreed to sign the agreement however their tenant has so far failed to match this. The shop owner has confirmed their willingness to sign the documentation in their own right and a further agreement has been forwarded to them for this purpose. This is acceptable from a legal perspective. At the time of finalising this report, the signed agreement had not been received by the Council.

Members will note that at the 5 May Strategic Policy Committee the Head of Law & Administration was authorised to promote a compulsory purchase order. This action will be halted as soon as the shop owner has returned the signed agreement.

Demolitions - Newmonthill, Forfar

Budgeted expenditure of £160,000 on the demolition project had been advanced from the 2009/10 capital plan. However, members approved at the Neighbourhood Services Committee of 15 January 2009 that the Newmonthill site be put forward by Angus Council as a priority project for accelerated capital funding as part of the COSLA / Scottish Government £100m accelerated affordable housing investment programme (report 27/09 refers). Demolition of these properties will not now take place and the estimated costs in the current year have accordingly been revised to £13,000.

5.3 Conversion

There are no significant issues on the Conversion Programme at this time.

5.4 Heating

There are no significant issues on the Heating Programme at this time.

5.5 Window Replacement

There are no significant issues on the Window Replacement Programme at this time.

5.6 Energy Saving

Insulation & Roughcast - Restenneth Drive, Forfar and Little Nursery, Montrose

Expenditure of £113,000 was initially anticipated in 2008/09, however Housing Officers are investigating further options in respect of these projects and as a result no expenditure is now anticipated in 2008/09 with expenditure (£113,000) reprofiled into future years.

5.7 Sheltered Housing

Overall

Due to minor reprofiling of expenditure in a number of projects, an under spend of £129,000 is now anticipated at the year end.

Jubilee Court

Jubilee Court expenditure and associated funding of £270,000 was originally contained within the 2008/09 financial year of the Housing Financial Plan. However, as a result of ongoing discussions between Angus Council and the National Health Service regarding development and lease agreements, the project will not now commence until 2009/10. As a result a significant proportion of expenditure and funding (£240,000) has been reprofiled into 2009/10.

5.8 Kitchen Replacement

The projected overspend in this area (£1,190,000) is primarily the result of more kitchen units on average being installed than was originally envisaged, combined with minor increases in associated works to reinstate finishes where kitchen layouts have been altered.

Members will recall a report on the overall performance of the kitchen replacement contracts was presented to the Neighbourhood Services Committee on 15th January 2009 (report 33/09 refers).

5.9 Bathroom Replacement

There are no significant issues on the Bathroom Replacement Programme.

5.10 Aids and Adaptations

The projected increase in this area is primarily the result of the inclusion of the costs in respect of the project at Knowehead Crescent, Kirriemuir (£112,000 in 2008/09) as approved by the Neighbourhood Services Committee of 17 April 2008 (report 386/08 refers). The latest estimate in 2008/09 for this project has subsequently reduced to £94,000. This has been partially offset by the cancellation of the project at Hillrise, Kirriemuir (£47,000) and other various minor underspends.

5.11 Improvements

Southesk Terrace, Brechin – Security Improvements

Officers are currently undertaking an exercise to revise the scheme which will delay the commencement of the Security improvements. It has therefore been necessary to reprofile this project (£190,000) into future years as part of the 2008/12 Housing Financial Plan process.

Southesk Street, Montrose (Phase 2)

Due to the nature of the project and the requirement to agree the extent of the works, the overall programme has been reviewed and as a result £220,000 of expenditure has been reprofiled into future years.

Homeless Persons Unit, Montrose

An allowance of £200,000 was originally contained within the Housing Financial Plan for internal alterations at the Queen's Close Homeless Persons Unit, Montrose. However, tender returns submitted were higher than anticipated and accordingly the total cost of the project has increased to £355,791. Members will note that the additional costs were approved by the Neighbourhood Services Committee on 17 April 2008 (Report 384/08 refers).

The original phasing of this project indicated that expenditure in 2008/09 was expected to be some £152,000. Based on the revised total project cost noted above, expenditure in 2008/09 is now anticipated to be £323,000 which is an increase of £171,000 over the allowance originally included for 2008/09. The Housing Financial Plan presented to members at the Special Neighbourhood Services meeting on 17 February 2009 was amended to reflect the revised total cost position (report 133/09 refers).

5.12 Miscellaneous

There are no significant issues on any Miscellaneous Projects at this time.

6 2008/2009 CAPITAL FUNDING UPDATE

- 6.1 As noted at 3.2 above, £3,500,000 of capital receipts was assumed for budget purposes in respect of the financing of the 2008/09 HRA capital programme; a significant element of this sum was to be generated from the sale of Council Houses. Other asset sales and miscellaneous receipts also contribute to the overall capital receipts total.
- 6.2 Members are asked to note that for the period to 31 March 2009, total overall HRA capital receipts amounted to £1,891,157. This is £1,608,843 short of achieving the original capital receipts budget as indicated at 6.1 above.
- 6.3 The receipts detailed above are expected to represent the final year end position. Members are asked to note however that there remains potential for some minor change as a result of the ongoing 2008/09 final accounts process.
- 6.4 Should the current actual of £1,891,157 for capital receipts be the final position, members are asked to note that on an indicative basis, capital programme expenditure of £1,608,843 (Table 2 refers) will be funded as outlined in Table 3 below.

Table 3

2008/09 Capital Budget		
Revised Funding Sources	£,000	£,000
Prudential Borrowing		1,300
HRA Balances – to fund receipts shortfall	1,609	
HRA Balances – to fund overspend	97	
HRA Balances – total		1,706
Capital Receipts		1,891
Capital Financed from Current Revenue		5,050
Total Funding Sources		9,947

7 2008/2009 PLANNED MAINTENANCE

- 7.1 Table 4 below shows the near final position in respect of all elements of the HRA Planned Maintenance Programme for the period to 31 March 2009. It can be seen from table 4 that the near final actual expenditure to 31 March 2009 was approximately £2,400,000 which represents an overspend of £220,000 against the original budget of £2,180,000. The main reasons for this projected overspend are slippage of £134,000 from 2007/08 in respect of the door replacement programme together with advancement of spend from the 2009/10 work programme. Members will note that the projected overspend has reduced by £87,000 from the last report and this results from year end accounting adjustments within gas maintenance, as part of the ongoing final accounts process. In addition further work has been required in respect of the repaints programme.
- 7.2 Similar to the Housing Capital Programme, it is currently projected that this will be the final position for 2008/09 in respect of Planned Maintenance, however it should be noted that at the time of finalising this report, some adjustments and accruals have still to be finalised as part of the ongoing final accounts process. This therefore means that the actual expenditure and outturn estimate figures contained within this report may change, albeit no significant changes are currently expected.

Table 4

Programme	Original Estimate	Actual Expenditure 31 Mar 2009	Outturn Estimate	Projected over/ (under) spend
	£,000	£,000	£,000	£,000
Energy and Fuel Poverty	10	9	9	(1)
Roof Replacement	0	(2)	(2)	(2)
Electrical – Rewires	48	51	51	3
Boundaries – Fencing & Walls	18	26	26	8
Chimney Repairs	1	0	0	(1)
Bathrooms	0	2	2	2
Guttering	8	5	5	(3)
Doors	475	686	686	211
Repaints	670	761	761	91
Gas Maintenance	885	785	785	(100)
Communal Power	45	44	44	(1)
Stock Survey & Database	14	26	26	12
Hazardous Materials	6	7	7	1
Total Programme	2,180	2,400	2,400	220

8 FINANCIAL IMPLICATIONS

- 8.1 The financial implications for the Council arising from the recommendations in this report are as detailed in the body of the report, the accompanying appendix and as summarised in table 5 below.

Table 5

	Budget £,000	Outturn £,000
Audited HRA Balance as at 01/04/08	3,181	3,181
Use of HRA Balances - Capital (Per Table 1)	200	200
Use of HRA Balances - Capital (Per Table 3)	0	1,706
Use of HRA Balances – Planned Maintenance (Per Table 4)	0	220
Anticipated HRA Balance at 31/03/09 before applying HRA Surplus / Deficit for the year.	2,981	1,055

- 8.2 The audited HRA balances detailed and noted in table 5 above are sufficient to meet the £2,126,000 overall projected use of balances as shown above, an increase of £1,926,000 from the budgeted use of balances. However, such a call would reduce the HRA balances to £1,055,000 before any surplus or deficit position is applied from the 2008/09 HRA year end position. This would be £555,000 above the policy minimum balance of £500,000.
- 8.3 Members will recall that the Housing Division's capital expenditure programme is currently the subject of an exercise to assess its longer term affordability, particularly in light of the projected call on balances highlighted above. It was anticipated that this exercise would be concluded in time to report its outcomes to members prior to the recess, however complications arose with the data relating to the Scottish Housing Quality Standards and additional data conversion and cleansing has had to be carried out. This has caused a short delay which has impacted on the ability to report fully to this committee cycle, although members are asked to note that all required information has now been made available to the consultants carrying out the work and a report on the outcomes will be brought to the first Neighbourhood Services Committee after the recess, on 20 August 2009.
- 8.4 As noted previously however (report 132/09 refers), the work undertaken to date has confirmed that the current Financial Plan (covering 2008-2012) is affordable, sustainable and prudent and that the current year funding shortfall should be met from accumulated balances.

9 HUMAN RIGHTS IMPLICATIONS

- 9.1 There are no Human Rights implications arising from this report.

10 EQUALITIES IMPLICATIONS

- 10.1 The issues dealt with in this Report have been the subject of consideration from an equalities perspective (as required by legislation). An equalities impact assessment is not required.

11 CONSULTATION

- 11.1 The Chief Executive and the Heads of Finance, Law and Administration, Property and Housing have been consulted on the contents of this report.

12 CONCLUSION

- 12.1 This report sets out the near final actual Capital and Planned Maintenance spend position for the period to 31 March 2009 for members' information. The indicative end of year funding position has been reviewed and aligned to the spend and receipts near final actual positions.

Ron Ashton
Director of Neighbourhood Services

Colin McMahon
Director of Corporate Services

NOTE: No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information), were relied on to any material extent in preparing this report.

Finance/KL/DW

EQUALITY SCREENING

Policy Control Document

Name of Policy, Procedure or Report Housing Capital And Planned Maintenance Programme
- HRA Block

Lead Department/Service Corporate Services (Finance Section)

What is the aim of the policy, procedure or report?

The aim of the report is to apprise members regularly of the actual capital expenditure incurred for a given period, together with the anticipated year end position in respect of both expenditure and funding in respect of the HRA.

Is this a new or a review of an existing policy, procedure or report?

This is a recurring report that is prepared on a quarterly basis for most Neighbourhood Services committee meetings.

Screening Process

Has the policy, procedure or report already been assessed for its impact on people from different racial backgrounds, people of different genders and people with disabilities.

Yes No

If Yes, unless there have been significant changes, no further action is required. Please sign and date immediately below and retain for reference.

If No, does the policy, procedure or report involve or have consequences for the people the council serves or employs?

Yes No

If yes, proceed to Step 1 of the Full Impact Assessment on page 2.

If no, please state why not

This is a report that provides the members with financial monitoring information for a specific period of time. The contents of the report are for noting by members and thus do not involve the implementation or amendment of any policies or procedures. It does not therefore involve or have consequences for the people the council services or employs.

This report is considered exempt from the ongoing submission of Equality Impact Assessments in that it is a regularly submitted report in terms of the guidance issued on 8 April 2009 by the Senior Service Manager (Corporate Planning).

If no, The policy, procedure or report is not relevant and no further action is required.

Please sign and date immediately and keep for reference

Name: _____

Signature: _____
Date: _____

FULL IMPACT ASSESSMENT

Step 1

Are there any statutory legal requirements affecting this policy, procedure or report? If so please describe.

Step 2

What data/research is available to assess the likely impact of the policy, procedure or report.

Step 3

Is there any reason to believe the policy, procedure or report could affect people differently due to their race or disability or gender? If so how?

Race

Disability

Gender

Step 4

Is there evidence to suggest that any part of the policy, procedure or report could unlawfully discriminate against people? If so, how?

Step 5

Can the policy, procedure or report be seen to favour one section of the community

Yes No

or deny opportunities to another?

Yes No

If yes, please give details.

Step 6

Does the policy, procedure or report advance equality?

Yes No

Or restrict equality?

Yes No

If yes, give details

Step 7

Are there any other actions which could have been taken to enhance equality of opportunity?

If so please state

Step 8

Based on the work you have done, rate the level of relevance being allocated to this policy, procedure or report.

High Medium Low Unknown

Step 9

If during **Steps 3 - 6** there has been an adverse impact identified, consider if any adverse impact can be justified.

Yes No

If yes please give details.

If no, consider alternative ways of delivering the policy, procedure or report to minimise negative impact or eliminate unlawful discrimination. Give details of the changes to be made to the policy, procedure or report.

Step 10

Do you need to carry out a further impact assessment?

Yes No

If yes, what actions do you need to take

Step 11

Make arrangements to monitor and review the impact assessment.

i) Who will be responsible for monitoring?

ii) How will it be monitored and analysed?

iii) How often will the policy, procedure or report be reviewed and by whom?

Step 12

Publish results of the Impact Assessment.

How will the results be recorded and reported?

Completion of impact assessment:

Please sign and date immediately and forward to your designated Policy Impact Assessment Co-ordinator.

Name: _____

Signature: _____

Date: _____

For additional information and advice please contact:
the Equalities Officer - Tel: 01307 476058 or E-mail: Equalities@angus.gov.uk